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## BIWEEKLY REPORT

# SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/145

28 August 1961

PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events\*  
11-24 August 1961

Cuban Minister of Industries Guevara revealed at the Inter-American Economic and Social Council meeting in Uruguay that the Sino-Soviet Bloc has extended to Cuba economic credits totaling \$357 million. This figure includes credits worth \$112 million that had not been announced previously -- \$100 million from the USSR and \$12 million from Poland. He further asserted that Cuba was negotiating for additional credits of \$100 million from unspecified countries.

Two Hungarian technicians recently arrived in Brazil to conduct water well drilling operations in the drought-ridden northeast. Their arrival marks the beginning of what probably will be a steady influx of Bloc technical personnel who will participate in Brazil's development program. Before the arrival of the technicians, President Quadros directed his Foreign Minister to make certain that the Bloc specialists would be given all possible cooperation in their efforts.

The vast deposits of oil shale in Brazil continue to be of interest to the USSR. Although Petrobras, the government-owned petroleum monopoly of Brazil, has applied to the Export-Import Bank for a loan to finance the construction of a prototype shale-oil plant in the State of Parana, a group of engineers from Petrobras has accepted an invitation to visit the USSR to study Soviet oil-shale operations.

Communist China announced the extension of \$19.6 million to Ghana for the purchase of equipment, machinery, and materials and for the financing of Chinese technical assistance. The credit is interest-free and is to be repaid within a period of 10 years (beginning on 1 July 1971) in goods or foreign exchange.

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\* An unclassified table summarizing the number of Bloc economic technicians in underdeveloped countries, July-December 1960 and January-June 1961, is included in this issue on p. 7.

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Cambodia has announced that Czechoslovakia will provide three factories having a total value of \$13.7 million. Cambodia also has recently purchased from the USSR two Il-14 aircraft valued at \$457,000, and Prince Sihanouk has accepted a helicopter as a gift from the Soviet Government.

Poland has extended a credit of \$30 million to Indonesia for use in the construction of industrial projects, including a cement factory, a coal mine, and a smelter. A trade protocol signed at the same time calls for an increase in trade between the two countries.

A Sino-Ceylonese agreement signed in August for delivery of a textile mill to Ceylon represents the first project to be implemented under the \$15.8 million grant extended by Communist China in November 1957. Further negotiations for utilization of the grant are currently underway.

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program. Most of those who entered have done so quietly and for the purpose of servicing or installing Bloc machinery and have departed as soon as the job was completed. With the exception of the visit in early 1960 of the group of Soviet shale technicians who were brought in to consult with a private company, Bloc personnel generally have not undertaken exploratory or survey work. (FOR OFFICIAL USE ONLY)

Preliminary arrangements for the Hungarians to enter Brazil probably were made in May, when a large Brazilian economic mission visited Budapest and signed economic and technical assistance agreements. Before the arrival of the technicians, President Quadros directed his Foreign Minister to make certain that the Bloc specialists would be given all possible cooperation in their efforts. (UNCLASSIFIED)

## II. Africa

### Chinese Communist Credit to Ghana

During Prime Minister Nkrumah's recent visit to Communist China, Peiping announced the extension of a credit of \$19.6 million to Ghana. The credit is available for a period of 6 years, interest free, and is to be repaid in goods or foreign exchange over a 10-year period beginning 1 July 1971. The credit will be used to purchase equipment, machinery, and materials and to finance technical assistance. [REDACTED]

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Although Nkrumah has completed an extensive tour of the Communist world, the Chinese Communist credit is the only new Bloc economic aid commitment to Ghana that has been announced. The USSR, however, has agreed in principle to extend additional aid. Before Nkrumah's visit the USSR, Czechoslovakia, Hungary, and Poland had extended a total of \$88.4 million in credits to Ghana. Communist China had not previously extended any economic assistance to Ghana. [REDACTED]

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Ghana is the second African country to receive credits from Peiping (a \$25 million credit was extended to Guinea last September), and Peiping also has agreed in principle to extend economic aid to Mali. [REDACTED]

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Bloc Economic Technicians in Underdeveloped Countries a/\*  
 July-December 1960 and January-June 1961

<u>Area and Country</u>	<u>January-June 1961</u>	<u>July-December 1960</u>
Total	<u>8,220</u>	<u>6,510</u>
<u>Latin America</u>	<u>570</u>	<u>290</u>
Argentina	50	55
Brazil	10	10
Chile	5	5
Cuba	500	220
Ecuador	5	0
<u>Middle East</u>	<u>4,755</u>	<u>4,390</u>
Afghanistan	1,910 <u>b</u> /	1,650 <u>b</u> /
Greece	5	5
Iran	70	60
Iraq	480	400
Pakistan	5	5
Turkey	60	70
UAR -- Egypt	630	530
UAR -- Syria	415	540
Yemen	1,180 <u>b</u> /	1,130 <u>b</u> /
<u>Africa</u>	<u>1,640</u>	<u>540</u>
Ethiopia	120	40
Ghana	205	100
Guinea	1,200	400
Mali	45	0
Morocco	5	0
Somali Republic	5	0
Tunisia	60	0

\* Footnotes follow on p. 8.

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Bloc Economic Technicians in Underdeveloped Countries a/  
 July-December 1960 and January-June 1961  
 (Continued)

<u>Area and Country</u>	<u>January-June 1961</u>	<u>July-December 1960</u>
<u>Asia</u>	<u>1,255</u>	<u>1,285</u>
Burma	25	60
Cambodia	310	235
Ceylon	45	40
India	640	735
Indonesia	180	165
Nepal	55	50
<u>Europe</u>	<u>0</u>	<u>5</u>
Yugoslavia	0	5

a. Minimum estimates (rounded to the nearest five) of the number of persons present for a period of 1 month or more.

b. Including technicians and laborers.

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